SCHOOL DIVISION TAX LOSS COMPENSATION FUND
FINANCIAL STATEMENTS

For the Year Ended March 31, 2012

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the School Division Tax Loss Compensation Fund, which comprise the statement of financial position as at March 31, 2012, and the statement of operations and net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2012, and the result of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
June 27, 2012

Bonnie Lysyk, MBA, CA
Provincial Auditor

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School Division Tax Loss Compensation Fund
Statement of Financial Position
As At March 31

	2012	2011
FINANCIAL ASSETS		
Due from General Revenue Fund *(Note 4)*	$ 7,273,688	$ 7,086,421
Accounts receivable	49,668	465,809
Interest receivable	19,253	18,303
	$ 7,342,609	**$ 7,570,533**
LIABILITIES and NET FINANCIAL ASSETS		
Liabilities		
Accounts payable	$ 43,924	$ 378,924
Net financial assets *(Statement 2)*	7,298,685	7,191,609
	$ 7,342,609	**$ 7,570,533**

(See accompanying notes to the financial statements)

School Division Tax Loss Compensation Fund
Statement of Operations and Net Financial Assets
For the Year Ended March 31

	2012	2011
Revenue		
Contributions	$ 122,765	$ 517,948
Interest income	76,385	56,494
	199,150	574,442
Expenses		
Compensation to school divisions *(Note 6)*	92,074	388,461
Surplus for the year	107,076	185,981
Net financial assets, beginning of year	7,191,609	7,005,628
Net financial assets, end of year – to Statement 1	**$ 7,298,685**	**$ 7,191,609**

(See accompanying notes to the financial statements)

School Division Tax Loss Compensation Fund
Notes to the Financial Statements
March 31, 2012

1. Purpose and Creation of the Fund

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act* through *The Treaty Land Entitlement Implementation Act.* The amendment came into force on June 22, 1993. Order in Council #840/94 established regulations to administer the Fund on December 14, 1994.

The Fund is administered by the Ministry of Education on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Ministry of First Nations and Métis Relations) and federal (Department of Aboriginal Affairs and Northern Development Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These financial statements do not present a Statement of Change in Net Financial Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Operations and Net Financial Assets.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) for the public sector requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Due to the inherent uncertainty involved in such assessments, actual results may differ from those estimates.

3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of Education. Included in revenue is $36,830 (2011-$155,384) from the Ministry of First Nations and Métis Relations, of which $9,373 (2011-$139,743) was receivable at March 31, 2012. Accounts payable to school divisions at March 31, 2012 is $43,924 (2011-$378,924). Other related party transactions are disclosed separately in these financial statements.

4. Due from the General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for the year ended March 31, 2012 is 1.05% (2011-0.80%). Interest receivable from the General Revenue Fund at March 31, 2012 is $19,253 (2011-$18,303).

5. Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, interest receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these financial instruments approximates their carrying values.

6. Compensation to School Divisions

The following lists the distributions made to school divisions.

	2012	2011
Good Spirit SD #204	$ 15,631	$ 15,265
Horizon SD #205	-	320,516
Living Sky SD #202	6,800	7,701
Northwest SD #203	13,861	14,176
Prairie Spirit SD #206	3,216	1,071
Prairie Valley SD #208	52,566	29,295
St. Paul's RCSSD #20	-	437
Total	**$ 92,074**	**$ 388,461**